

Willis

Willis Fine Art, Jewelry & Specie
AXA Art Insurance Corporation
Policy Number: 05-333-25-97-00053

STATE OF MONTANA

Office of Risk Management
1500 East 6th Avenue
Helena, MT 59601

POLICY PERIOD:

From: July 1, 2011 – July 1, 2012
at 12:01 local standard time

Account Representative: Laura J. Condon, Senior Vice President

Willis Fine Art, Jewelry & Specie
Willis of Maryland, Inc.
12505 Park Potomac Avenue, Suite 300
Potomac, MD 20854

Issued: June 14, 2011

Name Insured: State of Montana

Mailing Address: Office of Risk Management
1500 East 6th Avenue
Helena, MT 59601

Policy Term: July 1, 2011 – July 1, 2012, 12:01 a.m. local standard time

Premises of the Insured:

1. Department of Commerce, Various Locations
2. Department of Corrections, Various Locations
3. Department of Fish, Wildlife and Parks, Various Locations
4. Department of Transportation, Various Locations
5. Governor's Office, Various Locations
6. Historical Society, Various Locations
7. Department of Public Health & Human Resources, Various Locations
8. University System, Various Locations

Interest: Works of Art and Collections of all kinds

Insurance Company: AXA Art Insurance Corporation

Policy Number: 05-333-25-97-00053

Policy Type: Museum Collection and Loan Insurance

Annual Premium: \$112,500

Limit of Liability:

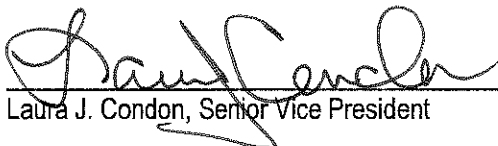
(a) \$ 300,000,000	Premises of the Insured; including legal liability;
(b) \$ 75,000,000	At any other location worldwide;
(c) \$ 75,000,000	In any one transit worldwide;
(d) \$ 100,000,000	Terrorism each occurrence;
(e) \$ 300,000,000	In any one loss or disaster, either in case of partial or total loss, or salvage charges or expenses or all combined.

Deductible: \$100,000 for permanent collection while at Premises, \$0 for loans, \$0 for permanent collection while away from Premises.

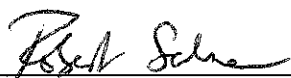
NO CLAIMS BONUS: It is hereby noted and agreed that if no losses are incurred during the above referenced policy term and the Named Insured renews with current underwriters, a 10% No Claims Bonus credit will be applied to the July 1, 2011 - July 1, 2012 renewal premium of \$112,500.

Conditions: AXA Terrorism Endorsement
Montana Changes
Montana Changes- Conformity with Statues
Montana Changes- Concealment, Misrepresentation or Fraud

Authorized Signatures:



Laura J. Condon, Senior Vice President



Robert F. Samlon, ACII, Managing Director

June 14, 2011

Museum Collection and Loans

COVERAGE

1. Property Covered: This policy covers fine arts and collectible objects of every description including but not limited to paintings, etchings, drawings, photographs, ceramics, sculpture, pottery, porcelain, rare books, coins, manuscripts, rugs, tapestries, statuary, and other bona fide works of art, rarity, historic value, or artistic merit, and all associated property including but not limited to frames, glasses, shadow boxes, crates and other display equipment, all consisting of the following:

- (a) Property of the Insured;
- (b) Property of others offered as gifts to the Insured or for sale to the Insured and while awaiting formal acceptance;
- (c) The Insured's interest in residuary gifts and jointly owned property, but only to the extent of the Insured's interest at the time of loss or damage;
- (d) Property of others loaned to the Insured which the Insured has been instructed to insure.

2. Worldwide Coverage: Property of the Insured or property of others loaned to the Insured, shall be covered on a "wall to wall" basis from the time said property is removed from its normal repository, incidental to shipment, until returned or shipped to another point designated by the owner or their agent prior to return shipment. Coverage includes while in transit worldwide and while on exhibition or otherwise at any location worldwide.

Prior notification and approval from the Company is required for any shipment by ocean going vessel.

3. Additional Insured: All lenders insured under this policy shall be named as Additional Insured status for their respective rights and interests.

4. Perils Insured Against: All risks of direct physical loss or damage from any external cause, except as excluded below. Loss, if any, is payable to the Insured or order.

5. Policy Term: This policy shall attach at 12:01 A.M. Standard Time at the place of the Insured's premise as shown on the Declaration Page or 12:01 A.M. Standard Time at the place of first transit movement for exhibitions, whichever shall come first. This policy covers losses payable for the term indicated.

6. Limits of Liability: This Company shall not be liable for more than the Limits of Liability stated on the Declaration Page or elsewhere in this policy.

7. Deductible: Each claim for loss or damage separately occurring shall be adjusted separately and from the amount of such adjusted claim the sum which is stated on the Declaration Page shall be deducted. This clause shall only apply, however, to property described in Property Covered, paragraph 1(a), (b) and (c), while at the premises of the Insured.

8. Premium: The premium for the policy term stated on the Declaration Page shall be due and payable as of the attachment date.

9. Legal Liability: This insurance covers the Insured's legal liability as bailee of all objects other than those for which the Insured has been instructed to insure. In the event of a covered loss to such property, the Company will provide a defense for legal proceedings brought against the Insured.

In the event of any action involving the Insured for loss or damage to such property, the Company will:

Pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay by reason of liability imposed upon the Insured as bailee, for loss or damage to property of others occurring while this insurance remains in effect.

The Insured shall not voluntarily assume any liability nor incur any expense nor settle any claim except at the Insured's own expense. The Insured shall not interfere in any negotiation for settlement or in any legal proceedings, unless requested. At the Company's expense the Insured shall cooperate with the Company, except financially, in all matters which the Company may deem necessary in defense of any suit or in the prosecution of any appeal.

This Company shall not be liable under this section for more than the Limit of Liability for legal liability as stated on the Declaration Page.

10. U.S. Indemnity Deductible

Coverage: This policy can be used to cover the deductible under the US government indemnity program up to \$500,000. The exclusions for war risks, government action and nuclear risks contained within this policy shall still be in effect under this coverage, although not excluded by the U.S. Arts & Artifacts Indemnity policy wording. The deductible amount covered is in addition to the limits of liability shown on the Declaration Page. No deductible applies to this coverage.

EXCLUSIONS

This policy does not insure against loss or damage caused by:

(A) Wear and tear, gradual deterioration or inherent vice

(B) Moths, vermin or rodents

(C) Any repairing, restoration, or retouching process.

(D) War Risks:

(1) Hostile or warlike action in time of peace or war, including action hindering, combating or defending against an actual, impending or expected attack by any government or sovereign power or by any authority using military personnel or other agents;

(2) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against any of these;

This exclusion does not apply to items while on an international air transit.

(E) **Government Action:** Seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

(F) Nuclear Risks:

(1) Nuclear reaction or radiation or radioactive contamination from any cause however, direct loss or damage by fire resulting from nuclear reaction or radiation or radioactive contamination is covered by this policy.

(2) Any such weapon of war employing atomic fission or radioactive force whether in time of peace or war;

(G) This policy does not cover shipments by mail unless by registered first class mail.

VALUATION

1. Basis of Valuation: In event of loss or damage of property covered by this policy shall be valued and insured as follows:

- (a) On property of the Insured this Company shall not be liable beyond the current market value of the property at the time any loss or damage occurs. The loss or damage shall be estimated according to such current market value.
- (b) Property acquired or to be acquired by the Insured as a gift or under wills or similar bequests, or for sale to the Insured shall be valued at the current market value at time loss or damage occurs. In no event, however, shall this policy cover such property beyond the Insured's interest as stipulated in the will, bequest, contract or other document executed between the Insured and the donor of said property.
- (c) Property of others on loan to the Insured, and which the Insured has been instructed to insure, shall be valued at amounts agreed upon by the Insured and owners, or otherwise this Company shall not be liable beyond the current market value of the property at the time any loss or damage occurs and in no event for any amount in excess of that specified in the policy.

The above basis of valuation applies irrespective of values declared for airfreight or other purposes.

2. Library of Congress Valuation Clause

With respect to loans from the Library of Congress, Washington, DC:

The Library of Congress shall have the right to elect to receive reimbursement in the form of property of a similar nature to the item lost or damaged, such property to be acquired by the Library of Congress within one year from

the date of loss as satisfactory replacement of the lost or damaged property for which loss is payable under this policy. In the event of such election, the Company shall bear the cost of such property acquired by the Library of Congress.

3. Currency Fluctuation: The values applied to this policy may be insured in foreign currency insofar as such insurance is authorized by applicable law and regulations.

For purpose of application of the maximum limits fixed in this policy in U.S. dollars, the foreign currencies shall be converted into dollars at the rates in effect on the date of the declaration of insured interest. The values thus applied shall thereafter remain covered for the amount insured in foreign currency, notwithstanding subsequent fluctuations in the rate of exchange.

4. Partial Loss: In case of partial loss due to the perils insured against, the amount of loss shall be the cost and expense of restoration including any additional charges associated with such restoration.

Depreciation if any, after restoration, is covered and shall be agreed upon between the Insured and the Company but in no event shall the Company be liable for more than the insured value of the property.

GENERAL CONDITIONS

1. Notice of Loss: The Insured shall as soon as practicable report to this Company or its agent every loss or damage which may become a claim under this policy and shall also file a detailed sworn proof of loss with the Company or its agent within ninety (90) days from the time loss is discovered. Written notice to Willis Fine Arts Jewelry Specie shall constitute notice to this Company.

2. Settlement of Claims: All adjusted claims shall be paid or made good to the

Insured within thirty (30) days after presentation and acceptance by the Company of satisfactory proof of interest and loss.

3. Legal Action Against Company: No legal action may be brought against the Company unless it is commenced within twelve (12) months following the discovery of the loss by the Insured. However, if such a limit is invalidated by the laws of the state where the Insured is domiciled, then any legal action shall be void unless it is commenced within the shortest limit of time permitted by the laws of such state.

4. Arbitration: If the Insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the current market value at the time of loss (if applicable) and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any rights by any act relating to appraisal.

5. Privilege to Adjust with Owner: In the event of loss of property of others in the Insured's care, custody or control, the Company has the right to settle such loss with the owners of that property, subject to prior consent by the Insured. A receipt for payment from the owners of that property will satisfy

any claim of the Insured. If legal proceedings are taken to enforce a claim against the Insured, the Company reserves the right to provide a defense, at their option, of, and in the name of, the Insured. If provided, the expense of this defense will be at the cost of the Company and will not reduce the applicable limit of liability under this insurance.

6. Examination under Oath: The Insured shall submit, and so far as is within its power, shall cause the Insured's employees to submit to examinations under oath by any persons named by the Company, relative to any and all matters in connection with a claim and produce for examination all books of account, bills, invoices, and other vouchers or certified copies, at such reasonable time and place as may be designated by the Company or its representatives. The Insured shall permit extracts and copies to be made of such material.

7. Protection of Property: In case of loss or damage, it is the duty of the Insured, its staff, representatives and agents to take measures as may be reasonable for the purpose of averting or minimizing such loss. In addition to any loss recoverable under this policy, the Company will reimburse the Insured for any charges properly and reasonably incurred in pursuance of these duties.

Measures taken by the Insured or the Company with the object of saving, protecting or recovering the insured objects shall not be considered a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

8. Misrepresentation and Fraud: This policy shall be void if the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance, or in case of any fraud, attempted fraud or false swearing by the Insured regarding any matter relating to this insurance, whether before or after loss.

9. Automatic Reinstatement: The limit of liability under this policy shall not be reduced by the payment of any claim. The proportionate part of the whole policy premium represented by any such payment, however, shall then be considered fully earned by the Company.

10. Pairs and Sets: In the event of the total loss of any articles which are part of a pair or set, the Insured has the following options:

(A) The Company agrees to pay the full amount of the value of such pair or set as determined by the Valuation Clause contained in this policy. If such option is elected, the Insured must surrender the remaining article or articles of the pair or set to the Company; or

(B) The measure of loss or damage to such property shall be a reasonable and fair proportion of the total value of the set, giving consideration to the importance of said property.

11. Loss Buy Back: The Insured shall have the right to repurchase from the Company property of the Insured that is recovered for the amount paid to the Insured for the loss, plus an amount which represents loss adjustments and recovery expense.

Damaged property of the Insured, for which a total loss has been paid, may be repurchased by the Insured at its fair market value at the time of the loss.

The Company agrees to notify the Insured of its right to repurchase damaged or recovered property and the Insured shall have sixty (60) days from date of notice to exercise the repurchase right.

12. Packing: It is a condition of this insurance that the Insured will, to the best of their ability, provide for the insured property to be packed and unpacked by competent packers.

13. Excess Insurance: Permission is granted for the Insured to purchase excess insurance over the limit of liability provided by this policy. Moreover, the existence of such excess insurance shall not reduce any liability under this policy.

14. Collection from Others: No loss shall be paid under this policy if the Insured has collected the same from others.

15. Subrogation: In the event of any payment under this policy the Company shall be subrogated to all the Insured's rights of recovery against any person or organization and the Insured shall accomplish whatever is necessary to preserve such rights.

This clause shall not apply, however, to museums in which the insured property is being exhibited or on loan, and any competent and/or professional carrier, packer, or any other bailee with whom the Insured has waived such right prior to any loss or damage.

16. Changes: The terms of this policy can only be altered by an endorsement issued with approval of the Company and forming part of this policy.

17. Cancellation: This policy may be canceled by either the Insured or the Company by giving sixty (60) days notice in writing to the other, and upon such cancellation the Insured shall pay premium to date of cancellation.

18. Each Company: The interest of each Company providing coverage under this policy is individual and not joint, and whenever the right or privilege is retained by the Companies, such right or privilege may be exercised by each Company independently.

19. Required By Law: Any provisions required by law to be stated in policies issued by the Company shall be deemed to have been stated as part of this policy.

20. Other Insurance: If there is any other valid and collectible insurance covering the same property insured under this policy, which in the absence of this insurance would cover the loss or damage, then this Company shall not be liable for more than the excess over and above the other insurance.

This clause, however, shall not apply to insurance effected by owners of property loaned to the Insured and the existence of such insurance or payment of a loss shall not affect any claim payable under this policy, nor shall such insurance be called on to contribute to any loss payable under this policy.

EXTENSION OF COVERAGE

1. Debris Removal: This policy covers expenses incurred for the removal of all debris of the property covered hereunder which may be occasioned by loss by any of the covered perils except that the Company shall not be liable under this policy or clause for such cost amounting to more than 10% of the insured value of the property lost and/or damaged, it being agreed that this indemnity is included in the overall limits agreed hereunder.

2. Registration Papers and Records: The Company will pay up to \$15,000 in any one loss for the Insured's cost to research, replace or restore lost or damaged papers and records used to conduct the administrative functions of the registrar's office (or similar office), including those that are on computer software, for which there are no duplicates. The amount payable is in addition to the limits of liability shown in the Declaration Page. No deductible applies to the coverage.

3. Cost of Preparing Inventory: In the event of loss by a covered cause of loss to covered property, the Company will pay the Insured's necessary expense to prepare a complete inventory of the damaged and undamaged property including: (1) Quantities (2) Costs (3) Values and (4) Amount of loss claimed.

The most that the Company will pay under this extension is \$15,000. The amount payable is in addition to the limits of liability shown on the

Declaration Page. No deductible applies to this coverage.

4. Reward Coverage: If so requested by the Insured, the Company will offer a reward leading to: (1) The successful return of undamaged stolen articles to a law enforcement agency; or (2) The arrest and conviction of any person(s) who have damaged or stolen any covered property.

Prior to the application of any deductible and recovery, the Company will pay 25% of the covered loss, up to \$25,000 in any one loss for the reward payments the Insured makes. These reward payments must be documented. The amount payable is in addition to the limits of liability shown on the Declaration Page. No deductible applies to this coverage.

5. Fire Department Service Charge: When the fire department is called to save or protect covered property from a covered cause of loss, the Company will pay up to \$25,000 for the Insured's liability for the Fire Department Service Charges: (1) Assumed by contract or agreement prior to loss; or (2) Required by local ordinance.

The amount payable is in addition to the limits of liability shown on the Declaration Page. No deductible applies to this additional coverage.

6. Fire Extinguishing System Discharge Coverage: This Company shall pay up to \$25,000 in any one occurrence for the cost to refill the Insured's fire extinguishing systems which protect the covered property when they discharge as intended to control a loss covered by this policy. In addition, the Company agrees to pay up to \$25,000 in any one occurrence for the cost to refill these systems should they accidentally discharge. The Company shall not be liable for discharge that happens at the time of installation, testing, repair or recharging of the fire extinguishing system. The amount payable is in addition to the limits of liability shown on the Declaration Page. No deductible applies to this coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM ENDORSEMENT

A. Disclosure of Federal Participation In Payment of Terrorism Losses

You should know that where coverage is provided by this policy for losses resulting from certified acts of terrorism, such losses may be partially reimbursed by the Federal Government under a formula established by Federal Law. Under this formula, the Government pays 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

B. Cap on Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act, as amended in 2007. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of Insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

C. Limitation on Losses from Certified Acts and Other Acts of Terrorism

"Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not certified as a terrorist act pursuant to the Terrorism Risk Insurance Act.

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or "other act of terrorism", when one or more of the following are attributed to such act. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any subsequence to the loss.

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical material; or
4. Pathogenic or poisonous biological or chemical material is released, and it appears that one purpose of the terrorism was to release such material.

D. Exception Covering Certain Fire Losses

The following exception to the limitation in C. above applies only to property located in the States of California, Maine, Missouri, Oregon and Wisconsin:

If a "certified act of terrorism" or an "other act of terrorism" is excluded under Paragraph C. results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property.

E. Application of Limitations

The terms and limitations of any terrorism limitation, or the inapplicability or omission of a terrorism limitation, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the War and Military Action Exclusion.

AXA-TERR-END (01/08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** With respect to other than the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Of Policies

a. Midterm Cancellation

We may cancel this policy based on the provisions below, by mailing or delivering written notice to the first Named Insured at least 10 days before the effective date of cancellation:

- (1) If this policy has been in effect for less than 60 days, except as provided in Paragraph 2.a.(3) below, we may cancel for any reason.
- (2) If this policy has been in effect for 60 days or more, we may cancel this policy prior to the expiration of the agreed term or prior to one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons:
 - (a) Failure to pay a premium when due;
 - (b) Material misrepresentation;
 - (c) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
 - (d) Substantial breaches of contractual duties, conditions or warranties;
 - (e) Determination by the Commissioner of Insurance that continua-

tion of the policy would place us in violation of the Montana Insurance Code;

- (f) Financial impairment of us; or
- (g) Such other reasons that are approved by the Commissioner of Insurance.

- (3) If this policy has been issued for a term longer than one year, and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, we may cancel this policy only for one or more of the reasons stated in Paragraph 2.a.(2) above.

b. Anniversary Cancellation

We may cancel any policy with a term of more than one year by mailing or delivering to the first Named Insured written notice of cancellation at least 45 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

- B.** With respect to the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form, Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Of Policies

a. Midterm Cancellation

- (1) We may cancel this policy for non-payment of premium by mailing or delivering written notice of cancellation to the first Named Insured at least 20 days before the effective date of cancellation.

(2) We may cancel this policy based on the reason(s) stated in Paragraph 2.a.(2)(a) or (2)(b) by mailing or delivering written notice of cancellation to the first Named Insured at least 45 days before the effective date of cancellation:

(a) If this policy has been in effect for less than 60 days, except as provided in Paragraph 2.a.(3), we may cancel for any reason.

(b) If this policy has been in effect for 60 days or more, we may cancel this policy prior to the expiration of the agreed term or prior to one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons:

(i) Material misrepresentation;

(ii) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;

(iii) Substantial breaches of contractual duties, conditions or warranties;

(iv) Determination by the Commissioner of Insurance that continuation of the policy would place us in violation of the Montana Insurance Code;

(v) Financial impairment of us; or

(vi) Such other reasons that are approved by the Commissioner of Insurance.

(3) If this policy has been issued for a term longer than one year, and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, we may cancel this policy only for one or

more of the reasons stated in Paragraph 2.a.(2)(b) by mailing or delivering written notice to the first Named Insured at least 45 days before the effective date of cancellation.

b. Anniversary Cancellation

We may cancel any policy with a term of more than one year by mailing or delivering to the first Named Insured written notice of cancellation at least 45 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

C. Paragraph 5. of the Cancellation Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund. However, when a financed insurance policy is cancelled, we will send any refund due to the premium finance company on a pro rata basis.

D. Any When We Do Not Renew Condition is deleted.

The following **When We Do Not Renew** Condition is added:

1. If we elect not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations and agent, if any, a notice of intention not to renew at least 45 days before the agreed expiration date.

2. We need not mail or deliver this notice if:

a. You have purchased insurance elsewhere;

b. You have accepted replacement coverage;

c. You have requested or agreed to nonrenewal; or

d. This policy is expressly designated as nonrenewable.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES – CONFORMITY WITH STATUTES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART

A. The following Condition is added:

Conformity with Montana statutes. The provisions of this policy or Coverage Part conform to the minimum requirements of Montana law and control over any conflicting statutes of any state in which you reside on or after the effective date of this policy or Coverage Part.

However, with respect to insurance provided under the Commercial Automobile Coverage Part, while a covered "auto" is away from Montana:

1. We will increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

2. We will provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

3. No one will be entitled to duplicate payments for the same elements of loss.

- B. Any provision of this policy or Coverage Part (including endorsements which modify the policy or Coverage Part) that does not conform to the minimum requirements of a Montana statute is amended to conform to such statute.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
 COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND
 EQUIPMENT COVERAGE FORM

The CONCEALMENT, MISREPRESENTATION OR FRAUD Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for loss ("loss") or damage in a case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by you or any other insured ("insured"), whether before or after the loss ("loss") and relating to coverage of the loss ("loss") under this policy.

We will not pay for any loss ("loss") or damage in any case if:

1. Concealment or misrepresentation of a material fact; or
 2. Fraud;
- is committed by you or any other insured ("insured") in the application for this policy.